

Rating Rationale

Brickwork Ratings has assigned “BWR A3+ (SO)” rating for Bank Loan facilities aggregating ₹ 250.00 Cr of Adani Infra (India) Ltd.

Brickwork Ratings has assigned the following **Rating¹** for Bank Credit facilities sanctioned/availed from Yes Bank Ltd amounting to Rs.250.00 Cr by Adani Infra (India) Ltd. (AAIL or the 'Company'):-

Facility	Limits (In ₹ Cr)	Tenure	Rating
Fund Based		Short Term	BWR A3+(SO) [Pronounced BWR A Three Plus (Structured Obligation)]
Short Term Loan	250.00		

SO rating indicates the credit enhancement derived from the unconditional and irrevocable guarantee from Adani Properties Pvt. Ltd. (APPL), for the said Short Term Loan.

BWR has essentially relied on audited financials of AAIL and APPL upto FY16, projections of AAIL for FY17, publicly available information and information/clarifications provided by the company.

The rating factors, *interalia*, market reputation of Adani group, and its financial flexibility. It is also influenced by the profile of the Guaranteeing company, which is one of the holding companies for listed companies of Adani Group.

However, the rating is constrained by volatile nature of AAIL’s revenues, related party transactions, usage of the funds raised mainly for meeting the funding needs of group companies, and source for repayment of this short term loan, viz., through refinancing.

Background:

Adani Infra (India) Ltd. (AAIL), established in 2010, is presently a 100% subsidiary of Adani Properties Pvt. Ltd. (APPL). It is an infrastructure development company with specialization in comprehensive engineering, project management and construction (EPC) services for power generation and transmission sector, and caters mainly to Group companies. In the past it was also involved in trading in various commodities.

Adani Properties Pvt Ltd (APPL) was incorporated on 25th May 1995, and is mainly engaged in the business of let-out and/or lease of immovable properties and wholesale trading of commodities.

APPL is a part of promoter group for all the listed entities of Adani Group and holds strategic investments into Adani Enterprise Ltd., Adani Ports and SEZ Ltd., Adani Power Ltd., & Adani Transmission Ltd. APPL has also invested in unlisted group companies which are mainly engaged in real estate and green energy business.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Management Profile:

AIIL is the 100% subsidiary of Adani Properties Pvt. Ltd.

Pranav Adani (Nephew of Gautam Adani) and Karan Adani (Son of Gautam Adani) are the directors of APPL.

Financial Performance:

As per FY16 audited financials, AIIL reported net profit of Rs. 17.00 Crore on revenue of Rs. 1143.00 Crore, as compared to net profit of Rs.6.86 Crore on revenue of Rs. 559.70 Crore in FY15. In FY16, Rs. 953 Crores revenue came from EPC business, while in FY15, there was a significant trading revenue. The company had a networth of Rs. 74.65 Cr. It had borrowed and invested large sums in related parties.

As per FY16 provisional financials, APPL, the Guarantor, reported net profit of Rs. 17.32 Crore on revenue of Rs. 206.09 cr, as compared to FY15 net profit of Rs.11.79 Crore on revenue of Rs. 107.42 Crore. It had a large networth of Rs. 3317.12 Cr, which was deployed in investment in listed equity shares of Group companies.

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